

NIH POLICY MANUAL

1753 – Audits and Investigations of Contractors and Grantees by Outside Organizations

Issuing Office: OA/OAMP 496-4401

Release Date: 2/18/2002

1. **Explanation of Material Transmitted:** This Chapter describes procedures and responsibilities for processing audit reports of contractors and grantees distributed by the HHS Office of Inspector General. The purpose of this revision is to update organizational references. This issuance differs from the previous audits and investigations chapter in that the responsibilities of the Division of Management Survey and Review (DMSR) have been deleted from this chapter.
2. **Filing Instructions:**
Remove: NIH Manual 1753 dated 6/10/92
Insert: NIH Manual Chapter 1753 dated: 2/18/2002

PLEASE NOTE: For information on:

- ?? Content of this chapter, contact the issuing office listed above.
- ?? On line information: (<http://www1.od.nih.gov/oma/manualchapters>)
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A. Purpose: This chapter describes procedures and responsibilities for processing audit reports distributed by the HHS Office of Inspector General. The purpose of this revision is to update organizational references. This issuance differs from the previous audits and investigations chapter in that the responsibilities of the Division of Management Survey and Review (DMSR) have been deleted from this chapter.

B. Background and References:

1. Office of Management and Budget Circular No. A-50
<http://www.whitehouse.gov/omb/circulars/a050/a050.html>
2. HHS Grants Administration Manual 1-05-20
<http://www.hhs.gov/grantsnet/adminis/gam/GAM105.htm>
3. NIH Manual 1130 Delegations of Authority, General Administration 22
<http://www3.od.nih.gov/oma/manualchapters/delegations/genadm/genad22>

C. Responsibilities and Procedures:

1. The **Division of Financial Advisory Services**, is responsible for:
 - a. Receiving and distributing to appropriate offices (as required) all grant and contract audit reports distributed/released to NIH by the HHS Office of Inspector General, Office of Audit Services, i.e., reports prepared not only by the Office of Audit Services, but also those prepared by other Federal agencies including the Defense Contract Audit Agency, state auditors, independent accountants, etc.;
 - b. Processing of the audit reports, including analyzing auditees' responses to audit findings, obtaining additional comments or clarification of an auditee's position on the findings, and coordinating with affected Contracting and Grants Management Officials; the development of an NIH position on the findings;
 - c. Resolving or participating in the resolution of audit findings and preparing, when required, a determination letter specifying the amounts to be remitted and/or the corrective actions to be taken by the auditee; and

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- d. Advising the HHS Office of Inspector General, Office of Audit Services and the Assistant Secretary of Management and Budget of:
(1) actions taken to resolve audit findings; and (2) the status of audit reports with unresolved findings.
2. The **Associate Director for Administration, NIH**, is responsible for approving the resolution of monetary disallowances in audit reports related to NIH grantees, contractors, and other award recipients when monetary disallowances exceed \$100,000 and the resolution results in recovery of less than 85 percent of the recommended disallowance.
3. The **Head of the Contracting Activity (HCA)** is responsible for approving the resolution of all other findings in audit reports of NIH grantees, contractors, and other award recipients.

D. Records Retention and Disposal:

All records (e-mail and non-e-mail) pertaining to this chapter must be retained and disposed of under the authority of NIH Manual 1743, "Keeping and Destroying Records," Appendix 1, "NIH Records Control Schedule," Item 1900-A-12.

NIH e-mail messages (messages, including attachments, that are created on NIH computer systems or transmitted over NIH networks) that are evidence of the activities of the agency or have informational value are considered Federal records. These records must be maintained in accordance with current NIH Records Management guidelines. Contact your IC Records Officer for additional information.

All e-mail messages are considered Government property; and, if requested for a legitimate Government purpose, must be provided to the requestor. Employees' supervisors, NIH staff conducting official reviews or investigations, and the Office of Inspector General may request access to or copies of e-mail messages. E-mail messages must also be provided to Congressional oversight committees if requested and are subject to Freedom of Information Act requests. Since most e-mail systems have back-up files that are retained for significant periods of time, e-mail messages and attachments are likely to be retrievable from a back-up file after they have been deleted from an individual's computer. The back-up files are subject to the same requests as the original messages.

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- E. Management Controls:** The purpose of this Manual Issuance is to describe procedures and responsibilities for processing audit reports of contractors and grantees distributed by the HHS Office of Inspector General.
1. **The Office Responsible for Reviewing Management Controls Relative to this Chapter:** Office of Acquisition Management and Policy, Division of Financial Advisory Services.
 2. **Frequency of Review (in years):** On-going review.
 3. **Method of Review:** The HHS Office of Inspector General maintains the Audit Inspections Management Systems (AIMS) to monitor the audit resolution process. A report is forwarded monthly to the Division of Financial Advisory Services, Special Reviews Branch (SRB) listing new reports to be resolved. A semiannual report showing audits by resolution date requires a response from the SRB, which provides status input to the Annual Management Report on Final Actions.
 4. **Review Reports:** A Management Accountability Report on Final Actions is submitted semi-annually to Congress.